Accounts Payable Administration

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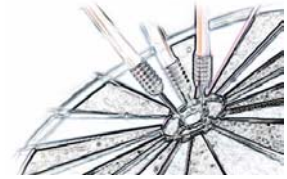
Course Objectives

Upon completion of this course, you will be able to:

- **Understand the overall Accounts Payable (AP) process**
- **Understand the basic AP functionality**
- **Define key terms**
- **Identify key user roles**
- **Create vendor master records**
- **Process vendor invoices**



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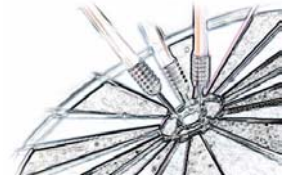
Course Objectives (continued)

Upon completion of this course, you will be able to:

- **Process credit memos**
- **Perform invoice verification**
- **Manage the Goods Receipt/Invoice Receipt (GR/IR) account**
- **Block/unblock invoices**
- **Explain the payment process**
- **Identify and run reports**



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Prerequisites

Prior to this course, you should have attended:

- **SAP Enterprise Navigation**
- **Financial and Procurement Overview**

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Course Agenda

- AP Overview
- Master Data
- Credit Memos
- Vendor Invoices
- Payments
- Reports

- Approximate course time:
  - 1 day

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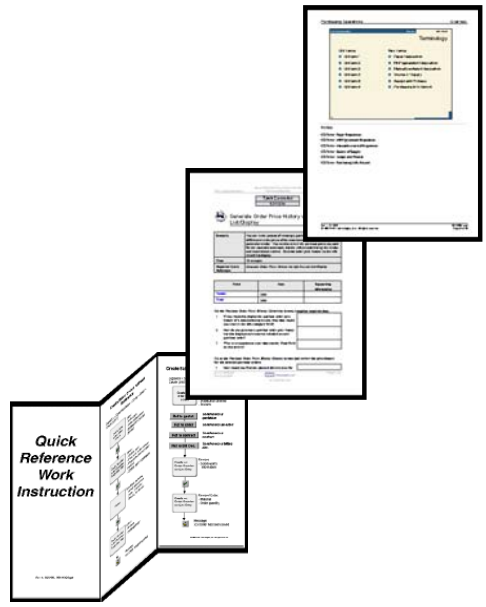
Course Components

- **Concepts**
- **Exercises**
- **Task support:**
  - **Work Instructions**
  - **Quick Reference Guides**
  - **SAP Tutor Simulations**
  - **Business Process Flows**



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Notes:

Concepts provide key points and overview of the key business and work processes. They help you understand why you will perform each task and provide an understanding of the tasks. Use the concept training manual to follow along with the presentation.

Exercises let you practice on the system and test your knowledge of the task and are a key component of the training program.

Various types of **task support** are available to help you perform tasks in SAP:

- Work instructions provide detailed step-by-step guidance
- Quick reference guides provide guidance on navigating to SAP screens and filling out fields required to perform a task
- SAP Tutor Simulations provide three levels of task support. The demo mode is like a movie of the SAP transaction. The teacher mode allows you to interactively perform an SAP task in a simulated SAP environment. The assessment mode allows SAP Tutor to test your knowledge of the transaction.
- Business process flows allow you to see where your task fits into the overall process

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Learning Approach

- **Prepare Me**
  - Prepare me for what is new or changing
  - Prepare me with job expectations
- **Tell Me**
  - Tell me what am I supposed to produce
  - Tell me what I must be able to do
- **Show Me**
  - Show me how it works
  - Show me how an expert does this job
- **Let Me**
  - Let me practice in safety
  - Let me learn from mistakes
- **Help Me**
  - Help me use on-line help
  - Help me be self-sufficient

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Notes:

What to expect:

- Learn new ideas and tasks
- Watch demonstrations in SAP
- Try it yourself by completing exercises
- Ask questions as needed

In this classroom:

- Listen
- Ask questions
- Participate in classroom discussions
- Learn how to use the system
- Be patient

Back on the job:

- Follow your site's business procedures
- Practice in the training environment of SAP
- Use course materials to do your job

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Classroom Logistics

- **Breaks**
- **Location of restrooms**
- **Each person is assigned their own computer and user ID for class**
- **Cell phones and pagers must be turned off or muted**
- **Speak up if you cannot see**

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Master Data

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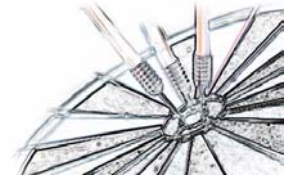
Section Objectives

Upon completion of this section, you will be able to:

- **List the three data elements maintained in a vendor master record**
- **Identify the existing views of vendor master record**



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Key Terminology

Old Terms

- **Vendor file**

New Terms

- **Vendor master record**

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Notes:

Vendor master record – An electronic record in SAP containing all the information needed to create a contract with a vendor. The record includes data on addresses, points of contact, and standard terms. The vendor master record will contain the following groups of information:

- **General data –** General vendor data, such as name and address that remains constant across all company codes and purchasing organizations
- **Company code date** – Accounting data, such as reconciliation account and payment terms that are specific to each company code, but remain constant across all purchasing organizations
- **Purchasing organization data** – Purchasing data, such as purchase orders and inventory control that are specific to each purchasing organization

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Types of Data

- **Master data**
  - Information saved centrally and used to complete day to day business transactions
  - Entered once and used by the entire organization
  - Examples include: Vendors, G/L accounts, Banks, etc…
- **Transactional data**
  - Day-to-day business transactions entered into SAP
  - Examples include: Journal entries, Invoices, Payments, Credit/debit memos, etc…

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Notes:

There are two primary types of data in SAP:

- Master data is data that is constant over a long period of time. Examples include vendors, banks, cost centers, G/L accounts and funds.
- Transaction data creates a document. Transactions consist of tasks such as processing incoming invoices and payments.

A third type of data, reporting data, exists. Reporting data are a combination of transactional and master data and are used to create summarized reporting data.

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Master Data

Definition

Data stored centrally, accessible universally

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Notes:

In SAP, master data is created centrally and available to all applications and all authorized users. Integrating all of the data into one single database means that the problem of data redundancy is not an issue and data integrity is enhanced. All areas can use the stored data.

Common business data are stored in master records. The system accesses data from master records during the processing of business transactions such as purchase orders. This keeps data entry to a minimum and reduces the margin of errors caused by re-keying information.

- Master records are accessed from SAP applications and are processed online, real time
- When you change a master record, the change is effective immediately and can be displayed
  - Information about the change (date, user ID, type of change) is recorded for later review

Business transactions are posted to accounts and managed using those accounts. You must create a master record for each account that you require. The master record controls how business transactions are recorded and processed by the system.

Specifications you make in master records are used:

- As default values when you post items to the account. For example, the terms of payment you specify in the master record are defaulted for document entry.
- For processing business transactions. For instance, bank details and the payment methods (check or bank transfer, for example) are required for automatic payments.

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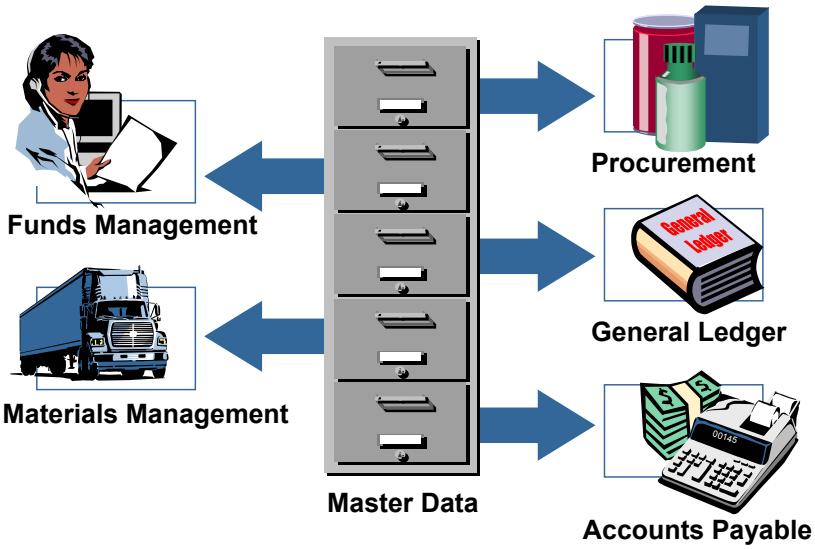
Business Functions and Master Data



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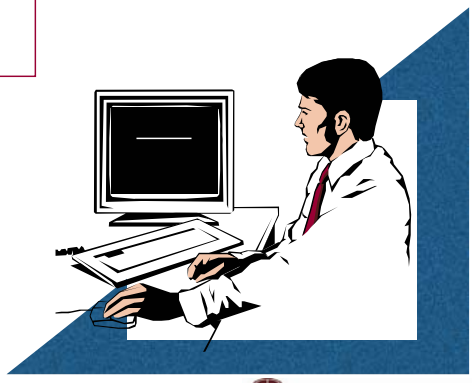
Transaction Data

Definition

Data entered by end user to record a business transaction



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Notes:

Users are the key to making SAP work. Accurate data entered on a timely basis is vital.

A transaction is an application program that executes a business process in SAP. Whenever a transaction is executed in the system, a document is created. That document, a data record of the transaction, contains all the relevant information from the master data. The document that's created is known as transactional data.

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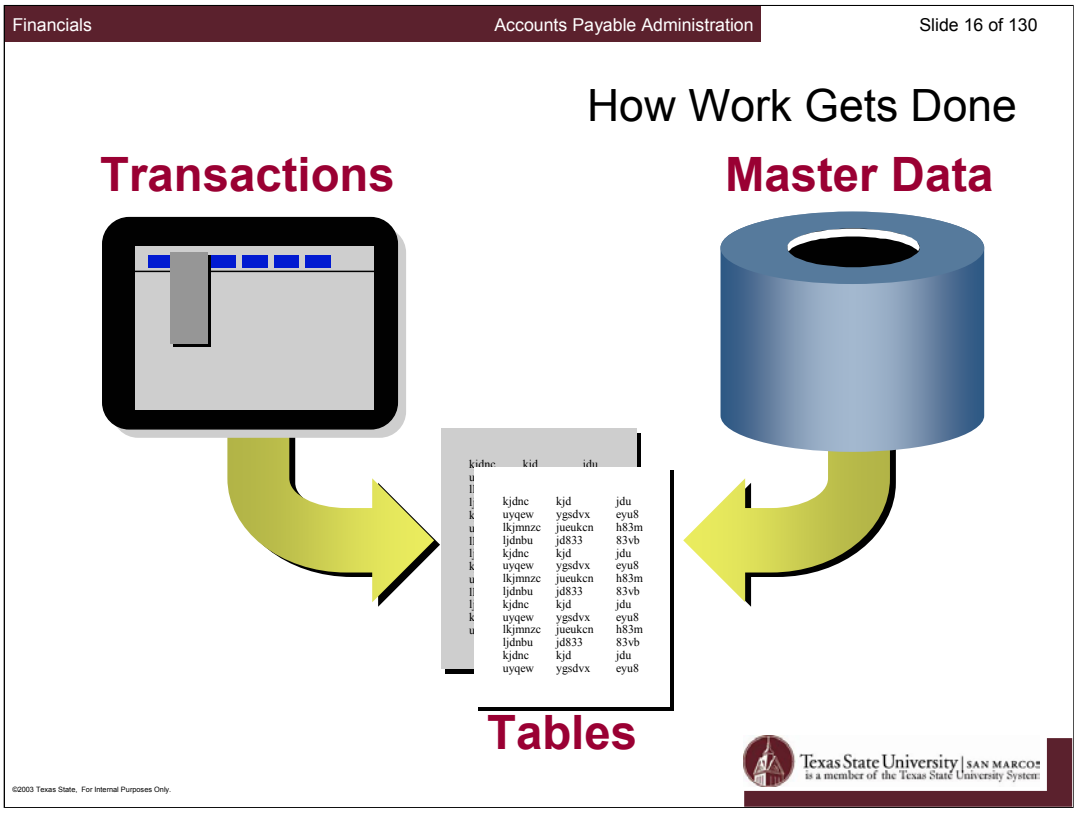

Notes:

The organizational structures are also used to create effective master data and transactional data in the system.

Documents are created in the system whenever a transaction is entered into SAP. The appropriate data are taken from tables and master data as documents are created. For instance, you will start to create a requisition by entering the vendor number. That entry brings in the vendor's name, address and payment terms. Then, data stored in documents are carried from one document to another to minimize data entry and therefore reduce the chance of error.

SAP has three common tasks:

- Store vital company information
- Provide the ability to retrieve information
- Enable users to make key business decisions

When you are working in the R/3 system, you may want to access information from the database; you use reports to do this. Therefore, reporting is used to satisfy the second task, "Provide the ability to retrieve information." The third task is more of an outcome of performing the second task.

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AP Master Data

- **Vendor Master Record**
  - Created or changed through the Purchasing or AP module
- **Bank Master Record**
  - Both vendor banks and house banks have master records
  - Created or changed through the AP module

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Notes:

Data in vendor master records controls how transaction data is posted and processed for a vendor. The vendor master record also contains all the data you require to do business with your vendors.

A vendor master record contains:

- Vendor's name, address, language, and phone numbers
- Tax numbers
- Bank details
- Account control data like the numbers of the G/L reconciliation account for the vendor account
- Payment methods and terms of payment set up with the vendor
- Purchasing data

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Vendor Master Record

- **Created or changed through the Purchasing or AP module**
- **A vendor master record contains**
  - Vendor's name, address, language, and phone numbers
  - Tax numbers
  - Bank details
  - Payment methods and terms of payment set up with the vendor
  - Purchasing data
- **System assigns a number to each vendor master record**

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Notes:

Data in vendor master records controls how transaction data is posted and processed for a vendor. The vendor master record also contains all the data you require to do business with your vendors.

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Account Group

- **Vendors created in SAP must be assigned to an account group because different kinds of vendors can have different master data requirements**
- **The account group specifies:**
  - Account number range for vendors
  - Field layout for master record
    - Required
    - Optional
    - Suppressed

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Notes:

List of Account Groups:

- Z100 – Incorporated vendors
- Z200 – State agencies and Institutions
- Z300 – Federal vendors
- Z400 – Employees and Students of Texas State
- Z500 – Third party payroll vendors
- Z900 – Unincorporated vendors (1099 vendors), including doctors and attorneys

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Major Areas of Vendor Master Record

- **There are major areas in the vendor master record:**
  - General data
    - General vendor data, such as name, address
    - Constant across all company codes and purchasing organizations
  - Company code data
    - Accounting data, such as reconciliation account, payment terms
    - Specific to each company code; constant across all purchasing organizations
  - Purchasing organization data
    - Purchasing data such as purchase orders, inventory control
    - Specific to each purchasing organization

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Vendor Master Records

Client

General Data
Office Supplies Inc.
Des Moines, IA 50811

Bank Accounts
WF 500 500 10 1234567

Company Codes

Company Code # 754
Recon. Acct. nnnnn
Payment Terms ZB01
Sort Line Items 001

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Notes:

Data in vendor master records controls how transaction data is posted and processed for a vendor. The vendor master record also contains all the data you require to do business with your vendors.

The master record is used not only in Accounting but also in Materials Management. By storing vendor master data centrally and sharing it throughout your organization, you only need to enter it once. You can prevent inconsistencies in master data by maintaining it centrally. If one of your vendors changes their address, you only have to enter this change once, and your accounting and purchasing departments will always have up-to-date information.

A vendor master record contains:

- Vendor's name, address, language, and phone numbers
- Tax numbers
- Bank details
- Account control data like the number of the G/L reconciliation account for the vendor account
- Payment methods and terms of payment set up with the vendor
- Purchasing data

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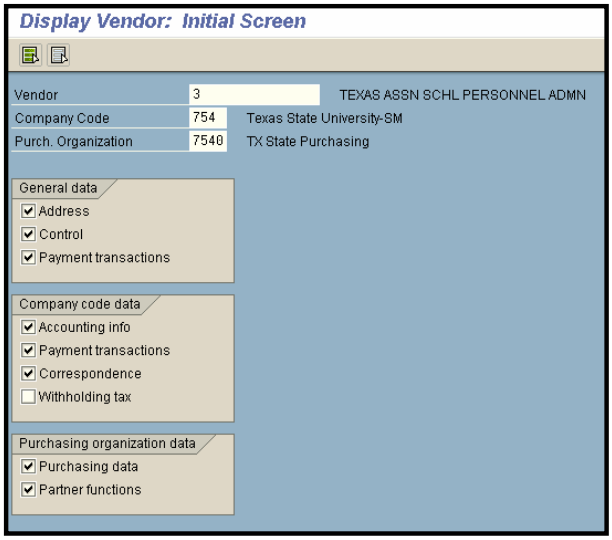
Vendor Master Record (continued)



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Demonstration

- **Display Vendor – Centrally (ZXK03)**

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Vendor Master Data Hierarchy

- **General:**
  - Data that applies to all company codes
- **Accounting:**
  - Data specific to accounting
- **Purchasing:**
  - Data specific to purchasing

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Notes:

When you create a vendor master record, enter:

- General data that applies to every company code and every purchasing organization in your company. The general area includes the vendor's name, address, and telephone number. Company code data is specific to an individual company code. Company code data includes the reconciliation account number and payment terms.

- The account group in the accounting data specifies:
  - Account number range for vendors
  - Field layout for master record
  - Required
  - Optional
  - Suppressed
  - Display
- Purchasing data is specific to the purchasing organization in your company. Purchasing organization data includes purchase orders, invoice verification, and inventory control.
- Both sides of master data must be completed.
- Can compare versions to identify missing data (Transaction #7.48 – **Vendor Master Comparison**)

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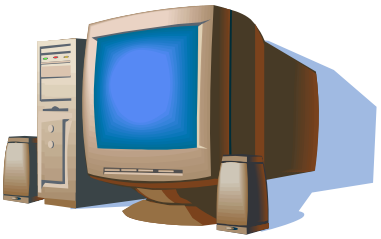
Demonstration/Exercise

- **Create Vendor – Centrally (XK01)**



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Master Data Maintenance

- **The information in the vendor master record may be changed:**
  - Accounting information may be changed alone or both accounting and purchasing information may be changed together
  - All changes are recorded by the system
  - A list of the changes may be displayed
- **The information in the bank master record may be changed:**
  - All changes are recorded by the system
  - A list of the changes may be displayed
  - Use T-Code XK02 to change Vendor Master records

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Notes:

You can see all changes made to the vendor, date, time and who made the change.

- To see who created a vendor, go to the vendor master (**XK03**) and use the menu path: **Extras → Administrative Data**.
- To see changes made to the vendor master, go to **XK03** and use the menu path: **Environment → Field Changes**.
- Items which can be changed are:
  - Street and PO Box address
  - Telephone and fax number
  - E-mail address
  - State Vendor ID number
  - Payment terms
  - Credit memo terms
  - Payment methods
  - Payment block

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Master Data Maintenance (continued)

- **Vendor master records may be blocked:**
  - No postings are allowed to blocked vendor master records
- **Master data may be deleted:**
  - Before deletion, both vendor and bank master records must be marked for deletion
  - Vendor master records should be blocked before being marked for deletion
  - The archiving process performs actual deletion of marked items

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Demonstration

- **Block vendor master record (XK05)**
- **Mark vendor record for deletion (XK06)**

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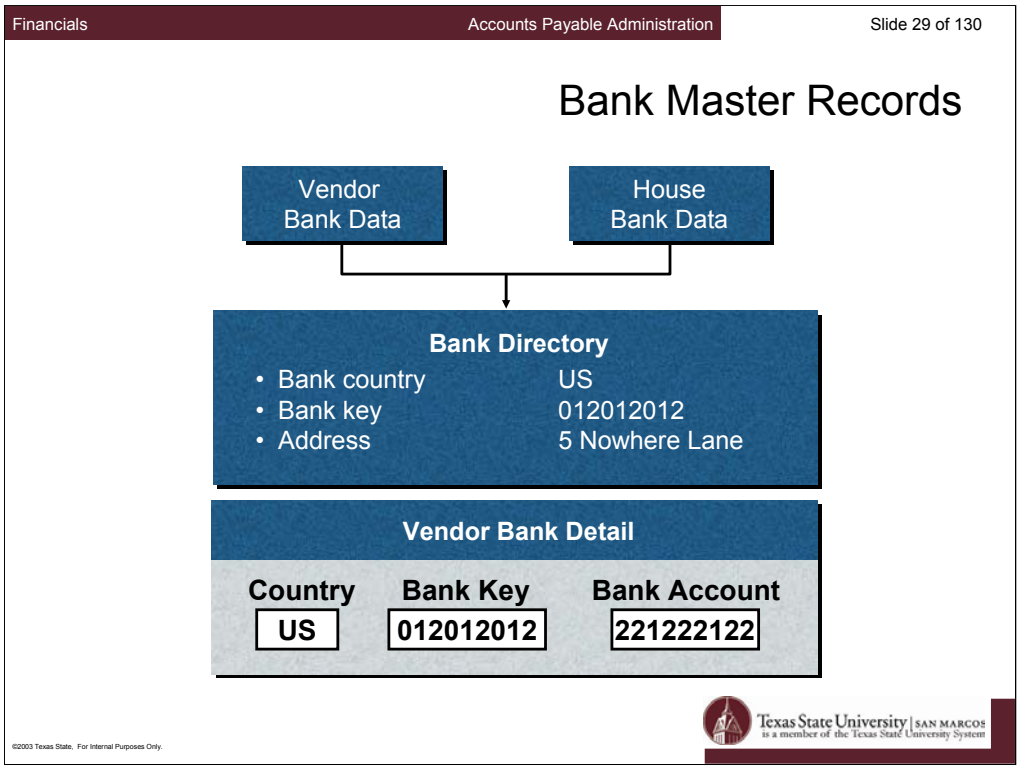

Notes:

Bank master records are used to facilitate communications with vendor and house banks, including electronic transfer of funds.

Bank master data is stored centrally in the bank directory.

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Bank Master Records

- **Bank master records are set up for house and vendor banks**
- **Bank key is the unique identifier for banks**
  - ABA (routing) number in the US
- **Bank directory is a list of all banks**
- **Bank master records can be linked to vendor master records**
  - Specify the bank key and that vendor's account number

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Major Areas of Bank Master Record

- **General data**
  - Bank country
  - Bank key
    - For US banks, this is the ABA (routing) number
- **Address data**
  - Bank address
- **Control data**
  - Details additional bank information

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House Banks

- **House banks are configured**
  - Accounts specified
  - Links to general ledger established
- **Texas State house bank examples:**
  - Wells Fargo Bank 10, or
  - Wells Fargo Bank 15, etc.
- **All House banks are fully configured and loaded in SAP**

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Demonstration

- **Display Bank (FI03)**

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Learning Objectives Review

- **List three data elements maintained in a vendor master record?**
  - **Name, address, payment terms, telephone number**
- **What views of vendor master data exist?**
  - **General, accounting, and purchasing**

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Learning Objectives Review

- **List three data elements maintained in a vendor master record?**
  - **Name, address, payment terms, telephone number**
- **What views of vendor master data exist?**
  - **General, accounting, and purchasing**
- **What data is maintained in a bank master record?**
  - **Name, address, country, bank key**

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AP Process

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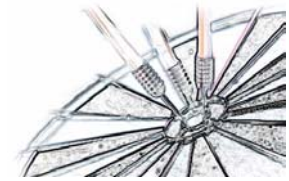
Section Objectives

Upon completion of this section, you will be able to:

- **Understand overall AP process**
- **Understand key terminology**
- **Describe two types of invoice documents**



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Key Terminology

- **Direct Invoice (NPO)**
- **PO Invoice**
- **Earmarked Funds**
  - Funds Commitment
  - Funds Reservation
- **Document reversal**
- **Journal vouchers**

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Notes:

Earmarked funds – Funds that are used to reserve portions of a budget for expected outgoings or incomings. Two types of earmarked funds are:

- **Funds Commitment** – Legally binding commitment made to purchase goods or services using existing budgeted funds
- **Funds Reservation** – A function used to enter costs expected to be incurred. The date the costs are incurred, along with the transaction that will cause the costs to be incurred are not known. Budgeted amounts can be set aside in advance to meet these costs.

Document reversal – The process of reversing a document by posting another document with equal amounts to the opposite sides of the same accounts.

Journal vouchers – Method of recording original transactions and/or adjusting entries to the general ledger.

Vendor master record – An electronic record in SAP containing all the information needed to create a contract with a vendor. The record includes data on addresses, points of contact, and standard terms.

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AP Process

- **The AP process creates an invoice document in SAP, then triggers a vendor payment for goods or services received**
- **The AP process is integrated with other processes:**
  - Purchasing
  - Receiving
  - Funds Management
  - Travel
- **The AP process triggers other processes:**
  - General Ledger (G/L) Accounting

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Notes:

The AP module records and administers accounting data for all vendors. It is also an integral part of purchasing, where deliveries and invoices are recorded based on each vendor. The system automatically makes postings to the FI component in response to these transactions. The system also checks the Funds Management (FM) module to ensure there is enough budget to pay the invoice and updates FM for the amounts posted. The purchase order is also updated to show invoice receipt history.

Travel advances are processed using the Down Payment Request:

- If a travel down down payment is required then post the travel request in SAP. Note that the system generates a document that will serve as a reminder to pay the travel down payment. It will not update the debits and credits in the vendor account
- If a travel down payment is not required, then no action is required until the travel invoice is received

Payments made in Accounts Payable are simultaneously recorded in the G/L, where different G/L accounts are updated based on the transactions involved. The system contains due date forecasts and other standard reports that you can use to help you monitor open items.

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Purchasing Process

- **The AP process can be triggered by the Purchasing process**
  - Authorized users from various departments will enter requisitions in SAP
  - Once a requisition has been approved (released), it is available for Central Purchasing to begin purchase order creation
  - Purchase orders are created manually from approved requisitions and sent by Central Purchasing to the vendor

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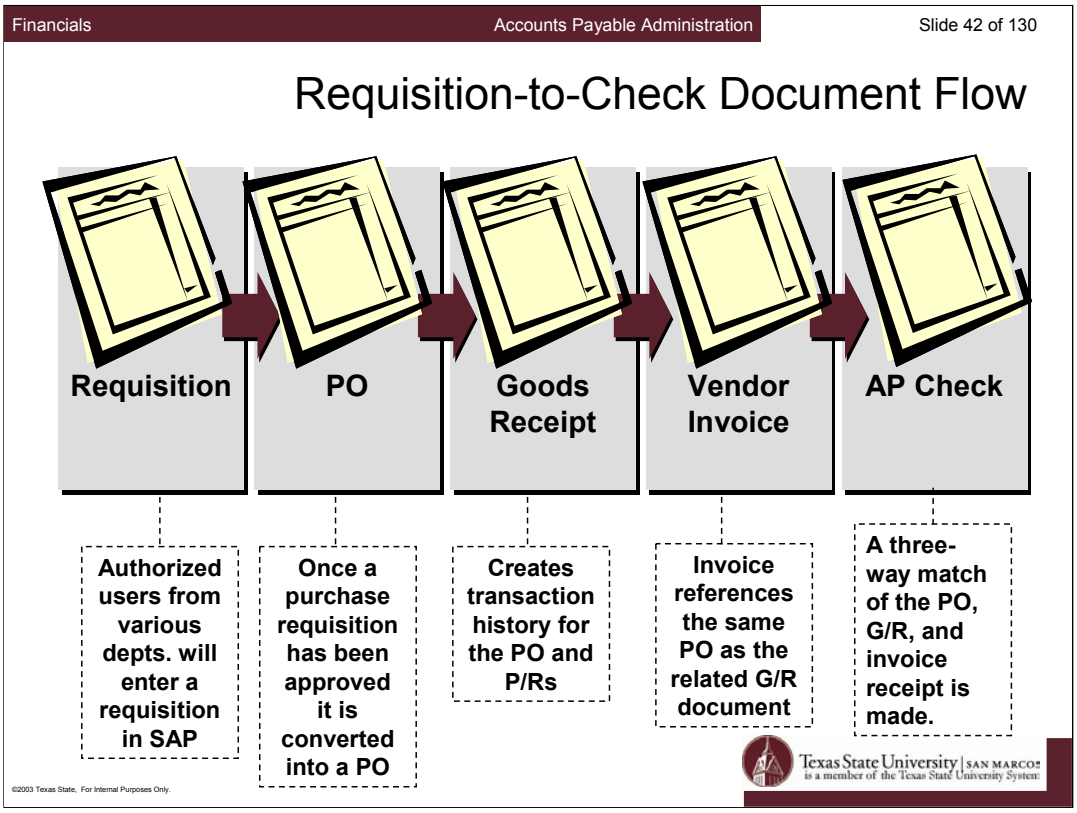

Notes:

Documents are created in SAP to represent business transactions and store their details.

Purchase Requisition:

Purchase requisitions will be created by department requisitioners to request the purchase of all consumable materials, services, assets, etc.

Purchase Orders (PO):

Purchase order are created manually (copy or drop and drag) from approved requisitions by Central Purchasing

Goods Receipts:

Central Receiving personnel will perform all goods receipt transactions and deliver to storage locations (department's designated delivery point).

Vendor Invoice:

Vendor invoices will be entered into the system. This will trigger a three way match between the Purchase order, goods receipt and vendor invoice.

- If a three way match exists, the invoice will be automatically paid via SAP.
- If a three way match does not exist, the vendor invoice will be blocked for payment until the discrepancy can be resolved.

AP Check:

Payments are scheduled in the system through Accounts Payable Payment Program. Services received must go through a two-way match of invoice to purchase order

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Postings Requisition to Check Process

Process Steps	FI (Finance)	FM (Funds Mgmt)	CO (Controlling)
Purchase Req.	No Posting	Commitment	No Posting
PO from Req.	No Posting	Commitment	No Posting
Goods Receipt	DR Exp CR GR/IR Clearing	Commitment or Actual (config.)	Actual
Invoice Receipt	DR GR/IR Clearing CR Vendor Payable	Commitment or Actual (config.)	No Posting
Payment	DR Vendor Payable CR Cash	No Posting	No Posting

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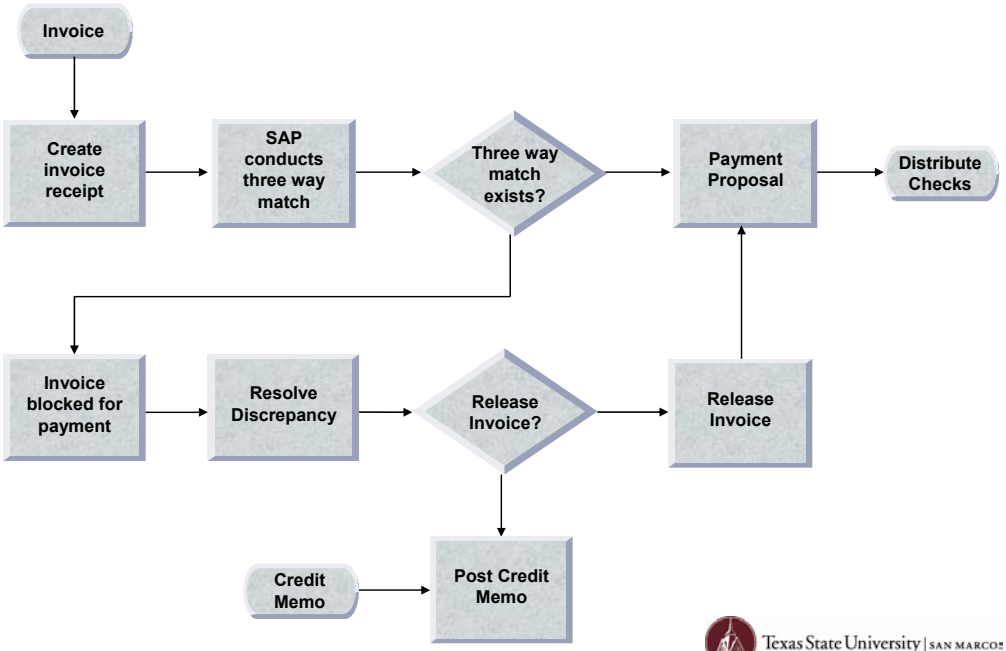
AP Process



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Benefits of the AP Process

- **Electronic three way match**
- **Improved processing of payments**
- **Scheduled payments**
- **Positive Pay in conjunction with laser checks printed by SAP**
- **Improved reporting capabilities**

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Notes:

- Electronic three way match will automatically compare the purchase order, goods receipt and invoice receipt. If a three way match exists, SAP will automatically schedule the invoice for payment. If a three way match does not exist, SAP will automatically block the invoice from payment. The discrepancy must be resolved and block removed prior to the invoice being paid.
- Payments will be processed with improved timing and less paper generation.
- Payments will be scheduled based on vendor payment terms.
- Printed checks will include logo and signatures reducing the risk related to fraud.
- Improved reporting capabilities including drill-down to original documents, such as, purchase requisitions, purchase orders, goods receipts, vendor statements, journal entries and checks

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Benefits of the AP Process (Continued)

- **Budget availability checks**
- **Earmarked funds**
- **Automated deduction of discounts**
- **Use of templates**
- **Master data stored centrally**

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Notes:

- Prior to posting costs to an account, SAP will automatically conduct a check to determine if there is enough available budget to incur the costs.
- The use of earmarked funds allows for portions of a budget to be reserved for expected costs.
- Automated deductions of discounts allows for Texas State to take advantage of cash discounts offered by vendors.
- SAP will allow for the creation of templates used to post routine accounting documents in AP. Use of templates allow for the ability to quickly post journal vouchers to the General Ledger (G/L). The template can be created and saved without being balanced or complete. When the template is used later, the line items must be completed and balance to zero.
- Master data entered once and is stored centrally allowing for everyone across the university to access required information. This will reduce data entry errors thus increasing data integrity. Central master records allow for greater access to timely vendor information, including transaction and payment history.

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Learning Objectives Review

- What are the two types of invoices?
  - Direct invoices and PO invoices
- What does the payment proposal do?
  - Lists open items due for payment
- Define terms relevant to Accounts Payable
  - Goods receipt, invoice, credit memo

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Invoice Processing

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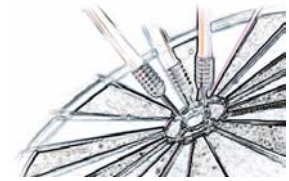
Section Objectives

Upon completion of this section, you will be able to:

- **Process two types of invoice documents**
- **Describe when each would be used**
- **Describe the difference between parking (saving as complete), holding and posting an invoice**



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Types of Invoices

- **When an invoice is received, an invoice document is generated in SAP**
- **There are two types of invoice documents:**
  - Direct Invoice
  - PO Invoice

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Notes:

Funds Reservations and Funds Commitments are both part of SAP's Earmarked Funds functionality.

Direct Invoice

- Invoice, no Purchase Order (PO), no goods receipt (GR)
- Used for items such as rent and utilities
- Funds Reservation – set aside funds
- Funds Commitment – reserved or committed funds for Travel and prior PO's converted

PO Invoice

- Invoice, PO, and GR (3-way match)
- Used for purchased materials
- Invoice, PO, no GR (2-way match)
- Used for contract or services

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Major Areas an invoice

Header

- **Posting date**
- **Total amount**
- **Payment terms**

Item 1

Item 2

Item 3

- **Amount**
- **Quantity**
- **Unit of measurement**
- **Account assignment**

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Notes:

Header data:

- Contains general document information
  - Posting date
  - Total amount
  - Payment terms
  - Account assignment

Line item data:

- Contains detailed information about each line item
  - Line item amount
  - Quantity
  - Unit of measure (PO Credit Memo)

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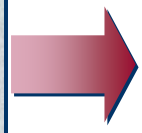
Structure an Invoice

Document
Number: 999

To: Texas State
From: Office Supplies, Inc

1 box of paper	50
Total	50

Document #: 1000000999



Document
Number: 1000000999

Line items:

Office Supplies, Inc	50
Office Supply Expense	50

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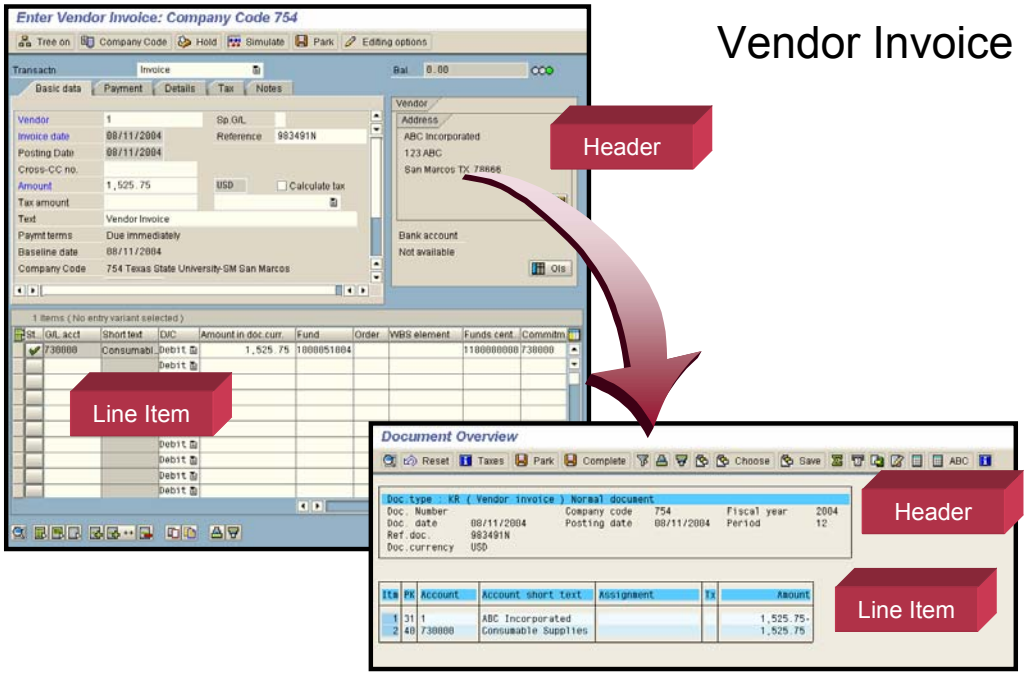
Vendor Invoice



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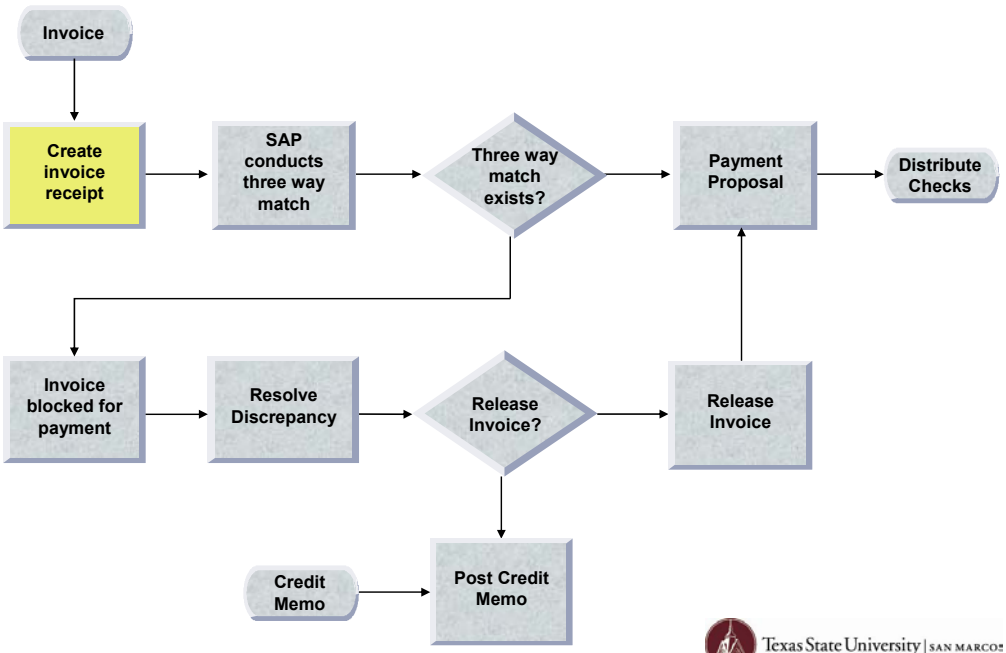

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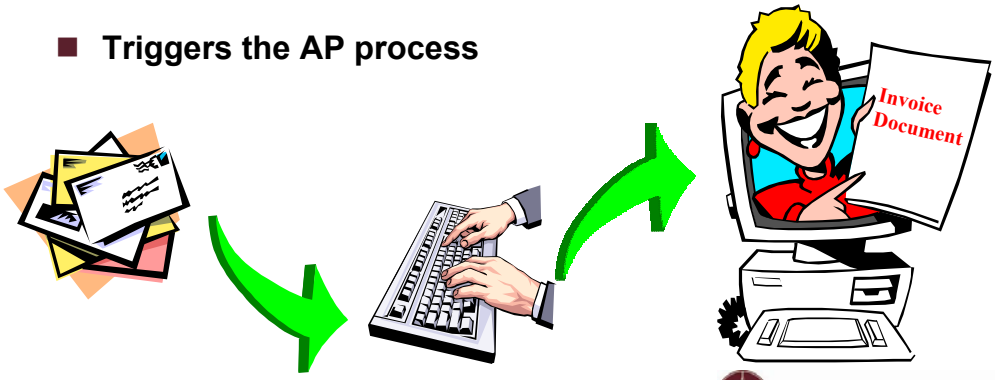
Invoice Receipt (IR)

- **When an invoice is received from a vendor:**
  - Invoice is entered into SAP using transaction FB60 or MIR7
  - Electronic invoice document is generated in SAP
- **Triggers the AP process**



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Notes:

When an invoice is posted in SAP it updates:

- Vendor payable
- Accounts payable liability account in the General Ledger
- Budget

Two types of invoices will be received in SAP:

- **Direct invoices (NPO) –** Invoice that exist without a purchase order (PO) or goods receipts (GR)
  - Used for items, such as insurance or utilities
  - Transaction code FB60
- **Purchase order invoices –** Invoice that is received from a PO.
  - Used for purchased materials
  - Transaction code MIR7

Invoices with reference to Earmarked Funds will be processed as a direct invoices.

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Invoice Verification

- **SAP uses this information to propose appropriate values when verifying the invoice such as:**
  - Agreed terms of payment
  - Quantities to be invoiced
  - Amounts expected for each item
- **Goods received must go through a three-way match of the purchase order, goods receipt, and invoice receipt**
- **Service received must go through a two-way match of invoice to purchase order and must also have an additional departmental approval**

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Preliminary Postings

- **Save as Complete**
  - Stores complete documents
  - Allows for authorization review
  - Checks that the balance of the line items is zero and the account assignment is consistent
  - Check budget availability
- **Holding**
  - Stores incomplete documents
  - User can temporarily save incomplete documents for further processing at a later date
  - Account balances are not updated
  - User assigns temporary document number

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Notes:

You can use the hold feature if interrupted when entering an invoice or if you don't have all the necessary information to complete the invoice.

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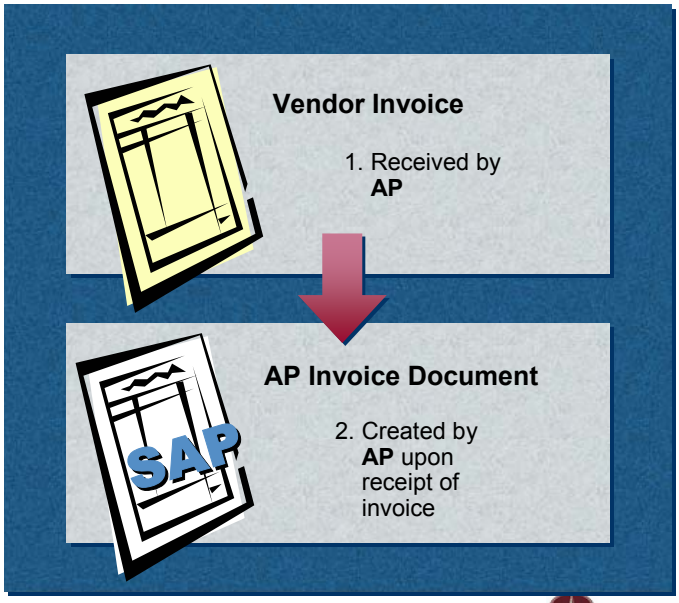
Process AP Invoice



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Notes:

During Invoice Verification

- Incoming invoices and credit memos are entered
  Invoices are checked for accuracy and correct prices
- Resulting account entries are posted
  - Vendor account credited
  - GR/IR account debited
- Miscellaneous data are updated in the SAP system

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Process AP Invoice (continued)

- **AP receives an Invoice or a Request for Payment**
- **Payment information is verified**
  - Information complete - prepare Coding Ticket
  - Check to see if vendor exists in SAP
    - If yes, verify name and address
    - If no, send it through the Vendor Management process
  - Information incomplete – send back to department for completion and approval
- **Enter invoice and save as complete**
  - Invoice is held in SAP

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Notes:

Inputs

- Vendor account number
- Line item amounts and quantities
- Invoice date
- Invoice number
- Text
- General Ledger Account
- Cost Center or Internal Order
- Fund
- Payment Method Supplement
- Bank
- Doc.type/PCC Code

Outputs

- Credit posting to vendor account
- Debit posting to G/L or asset account

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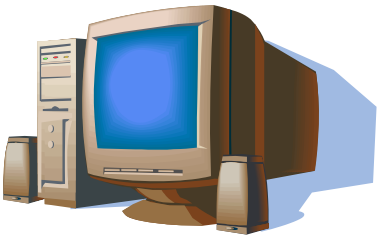
Demonstration/Exercise

- **Enter AP Invoice (FB60)**



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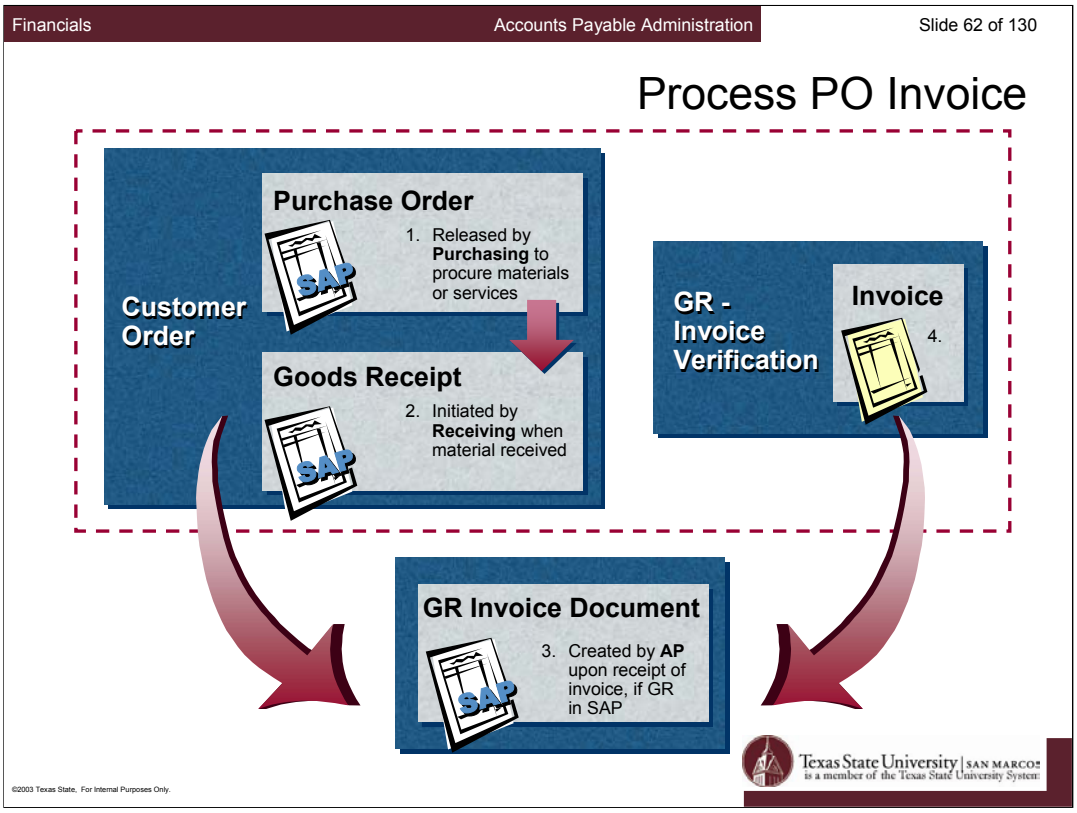

Notes:

POSTINGS CREATED

1. Purchase Order

Funds are encumbered in Funds Management module

2. Goods Receipt

DR. Expense

CR. GR/IR

3. Invoice Receipt

DR. GR/IR

CR. Vendor Payable

4. Created by AP upon receipt of invoice. If GR is not in SAP, invoice will be blocked for payment.

The GR/IR account shows Texas State's liability to pay for goods received. This liability is replaced by the actual A/P to the vendor when the invoice is entered.

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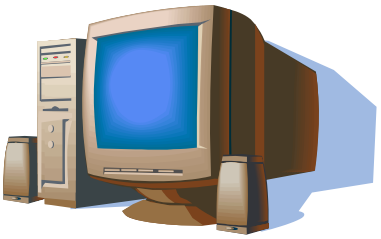
Demonstration/Exercise

- **Enter PO Invoice (MIR7)**



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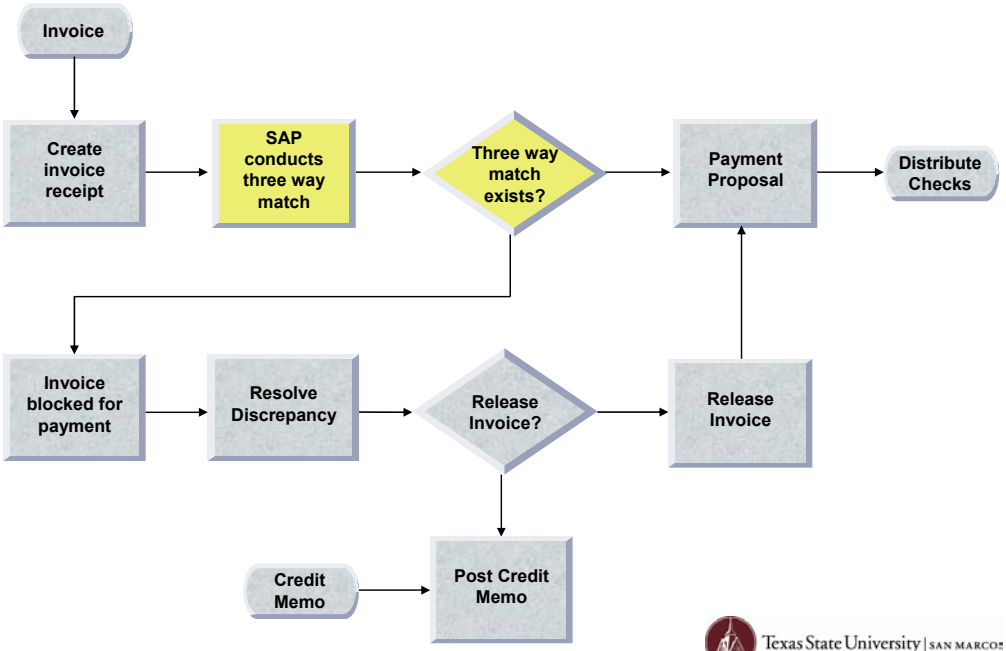

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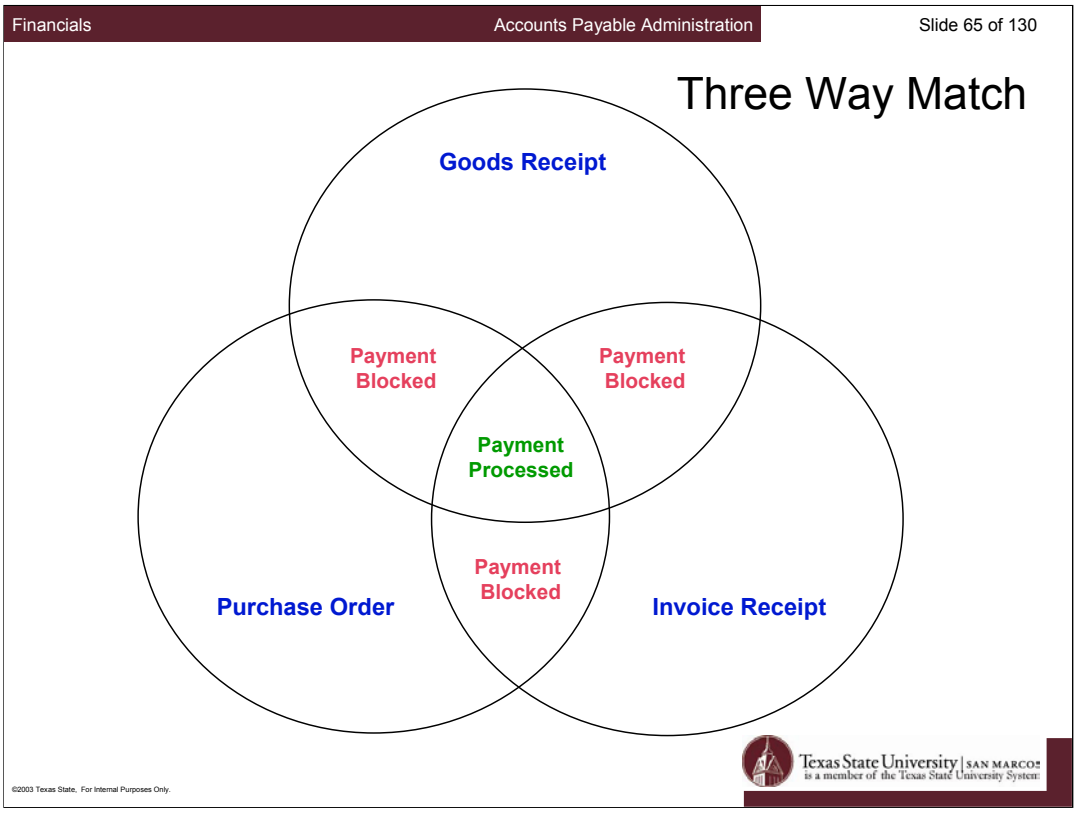

Notes:

The three way match will compare price and quantity on the PO, GR and IR.

Purchase Order Invoice:

- SAP will automatically conduct a three way match of the PO, GR and IR when the invoice document is entered into SAP.

Direct Invoice (NPO):

- Since there is no PO or GR, SAP cannot conduct a three way match.
- This type of invoice will require account manager approval prior to being processed for payment.

Tolerances level are set in SAP:

- **Receiving** – Tolerance is zero. Example: If we order 10, we must receive 10, not 15. Adjustments to documents may be necessary.
- **Pricing**: – Tolerance is 10% or $200.

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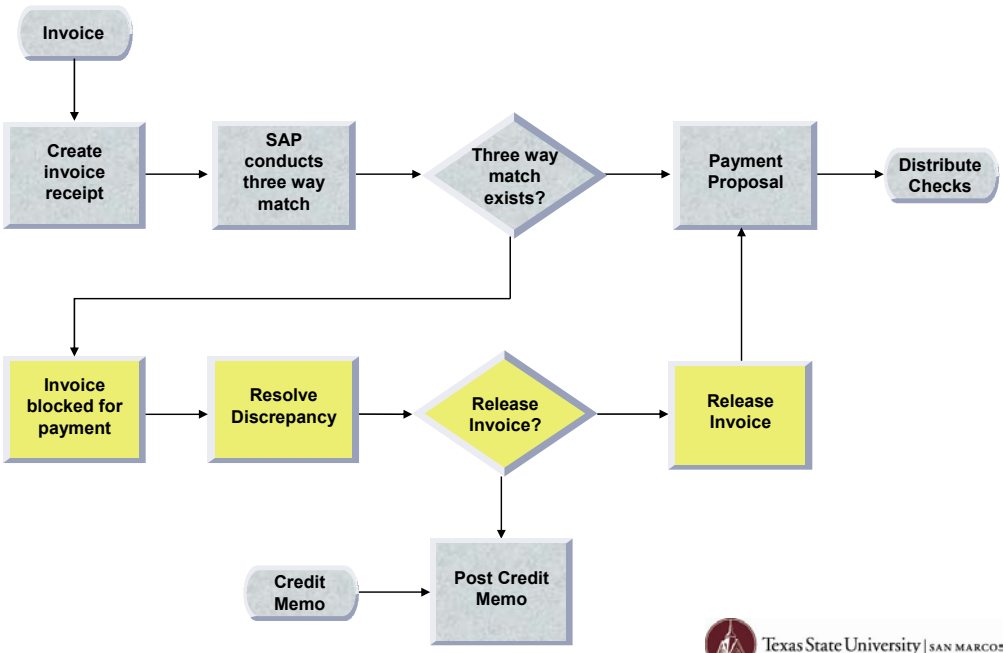
AP Process



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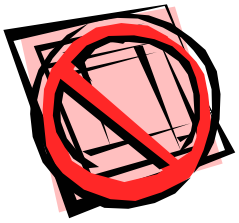
Invoice Blocked for Payment

- **If a three way match does not exists:**
  - SAP automatically blocks the invoice for payment
- **The discrepancy must be resolved prior to invoice payment**
- **Resolve the discrepancy by contacting:**
  - Purchasing
  - Central Receiving
  - Account Manager
  - Vendor



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Notes:

SAP automatically blocks an invoice from payment if it is incomplete or incorrect when processing the MIR7 transaction.

You can manually block an invoice or vendor for payment if you don't want the payment program to automatically select the invoice or vendor for payment.

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Blocking Vendor Invoices

- **Invoices are blocked automatically by SAP due to variances in price or quantity.**
- **Invoices may also be manually blocked after processing for other reasons**
- **Payment blocks can be removed by deleting the blocking reason code:**
  - When reviewing an individual invoice
  - When reviewing the payment proposal
- **Vendor can be blocked on FK05**

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Resolve Discrepancy

- **Research and investigate discrepancy**
- **Possible Outcomes:**
  - Vendor will issue a credit memo, new invoice, additional invoice or ship additional goods
  - Purchasing will modify the PO
  - Central receiving will modify the GR or return goods
  - AP will release the invoice for payment

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Release Invoice

- **The invoice will be released for payment once the discrepancy is resolved.**
- **The invoice will then be processed in the next Payment Proposal.**

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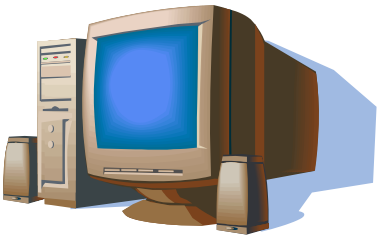
Demonstration/Exercise

- **Release Blocked PO Invoice (MRBR)**



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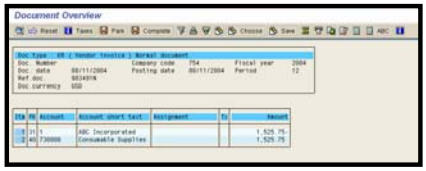
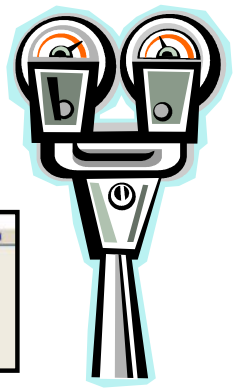
Parking an Invoice

- **Park invoices that require approval prior to posting**
- **The invoice must be Saved as Complete and Parked**





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Post Parked Invoice

- **Post Document**
  - Parked Documents List
  - Enter parameters
  - Drill down to review and document
  - Passes audit – Post
  - Rejected audit – Return to Invoice Entry Specialist
  - Hold document

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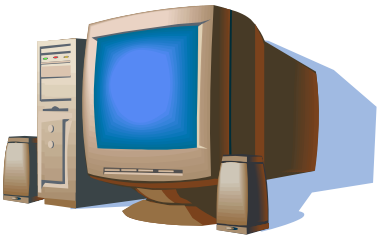
Demonstration/Exercise

- **Post Parked AP Invoice (FBV0)**



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Invoice Reversal

- **Incorrect documents can be reversed if following criteria are met:**
  - Contains no cleared items
  - Contains only customer, vendor, and G/L account items
  - Posted with Financial Accounting
  - All entered values (such as business area, cost center, and tax code) are still valid
  - And Fiscal Period is open

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Notes:

- The original document and the reversing document increase the account transaction debit and credit figures by the same amount. This process will provide a complete audit trail.
- If the document is cleared, it must be reset before it can be reversed.
- The budget postings in FM are reversed.

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Demonstration

- **Enter document reversal (FB08)**

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Learning Objectives Review

- **What are the two types of invoice documents?**
  - **PO invoices and Direct invoices**
- **Which document is used for rent and utilities?**
  - **The Direct invoice is used for items without a Purchase Order or Goods Receipt such as rent and utilities**

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Learning Objectives Review (continued)

- **What is the difference between parking and posting an invoice?**
  - **A parked document is stored in the system without posting. Parked documents must be posted before payment can occur.**
- **What is the difference between parked documents & held documents?**
  - **Held documents do not update the Vendor account or generate financial postings. Held documents are not released by an approver.**

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Credit Memos

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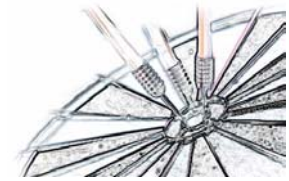
Section Objectives

Upon completion of this section, you will be able to:

- **Identify the two types of credit memos**
- **Describe when to use each type of credit memo**
- **Identify the module in which each credit memo is entered**



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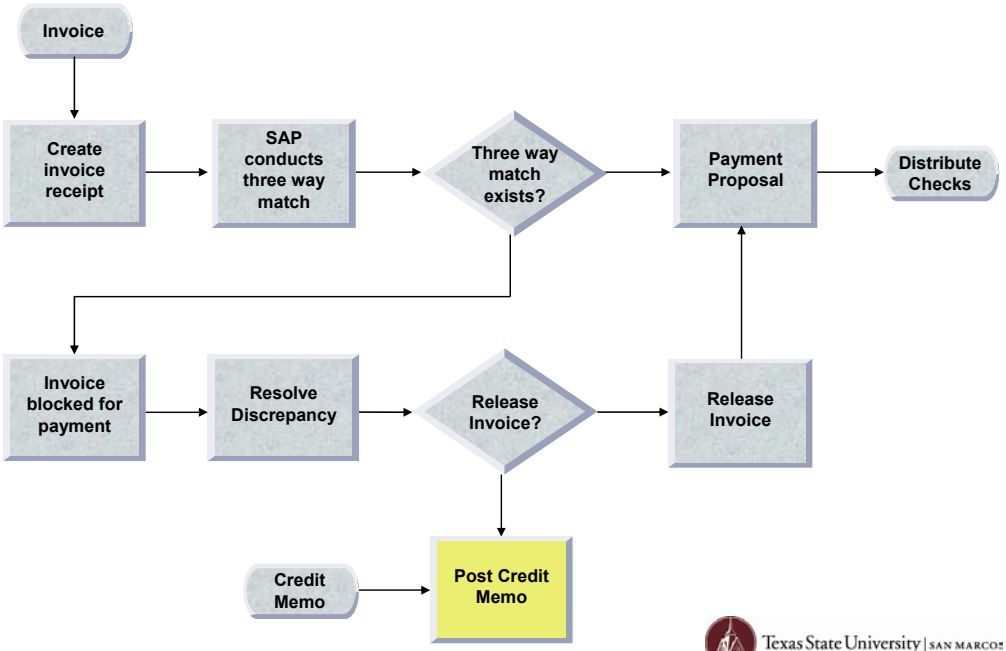
AP Process



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Types of Credit Memos

- **AP Credit Memo:**
  - Makes debit adjustment to vendor account
  - Applies credit when no PO exists (AP invoice)
  - Entered in AP module of SAP
- **PO Credit Memo:**
  - Makes debit adjustment to vendor account
  - Applies credit when PO exists
  - Entered in Materials Management module of SAP

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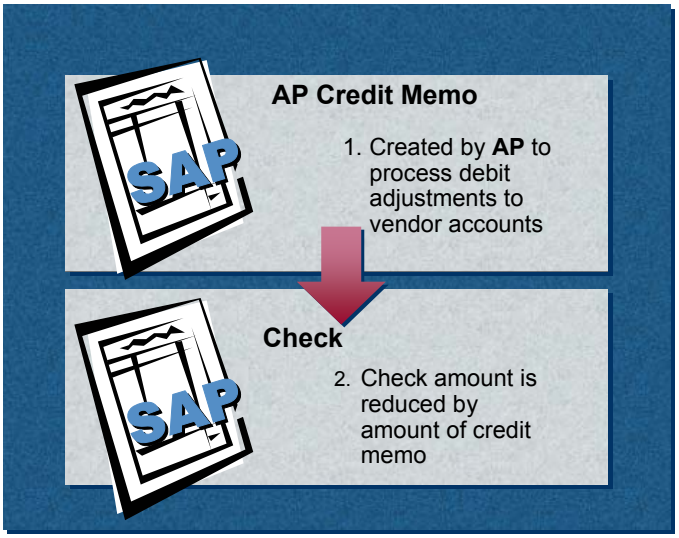
AP Credit Memo



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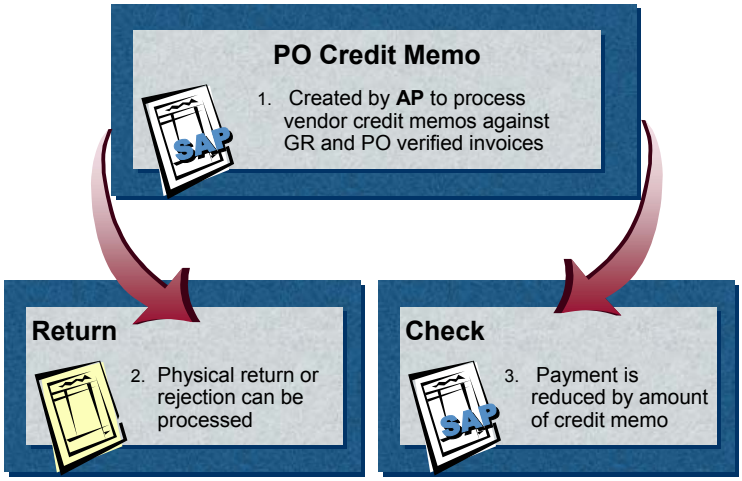
PO Credit Memo



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Process Credit Memo

- **Credit memo is requested and posted if:**
  - Goods are returned to vendor
  - Goods not received from the vendor
  - Overcharges exist on PO
- **There are two types of credit memos:**
  - AP credit memo posted in AP module of SAP
  - PO credit memo posted in Purchasing module of SAP

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Posting Credit Memos

- **Posting a credit memo to a vendor account has three effects:**
  - Vendor account is debited
  - G/L account is credited
  - Payment is reduced by amount of credit memo

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Notes:

Inputs

- Vendor account number
- Line item amounts and quantities

Outputs

- Debit posting to vendor account
- Credit posting to G/L or asset account

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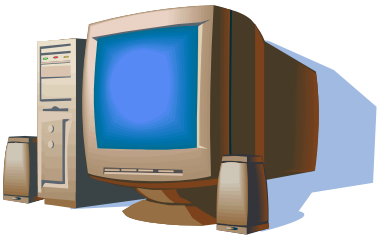
Demonstration/Exercise

- **Post PO Credit Memo (MIR7)**
- **Post AP Credit Memo (FB65)**



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Learning Objectives Review

- What are the two types of credit memos?
  - AP credit memo and PO credit memo
- When do you use an AP credit memo?
  - An AP credit memo is used when a purchase order doesn't exist
- When do you use a PO credit memo?
  - A PO credit memo is used when a purchase order exists
- In which module is an AP credit memo entered?
  - An AP credit memo is entered into the Accounts Payable module of SAP

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Learning Objectives Review (continued)

- **In which module is a PO credit memo entered?**
  - **A PO credit memo is entered into the Purchasing module of SAP**
- **What are the two major areas of the Credit Memo?**
  - **Header Data and Line Item Data**

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Payments

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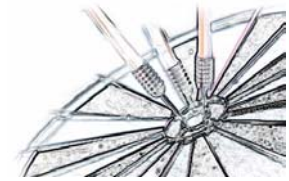
Section Objectives

Upon completion of this section, you will be able to:

- **Describe the main steps involved in the payment process**
- **Discuss the purpose of the payment proposal**
- **Discuss the main activities involved in check management**



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Key Terminology

Old Terms

- **Manual payment**
- **NPO (no PO)**
- **Method**
- **PV, MW**
- **Overlay**

New Terms

- **Check on demand**
- **Direct Pay Invoice**
- **Medium**
- **Document types**
- **GR (goods receipt)**

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New Terminology

- **Payment Proposal**
- **Positive Pay**
- **Company Code**
- **Payment Method Supplement**
- **House Bank**
- **Payment Proposal**

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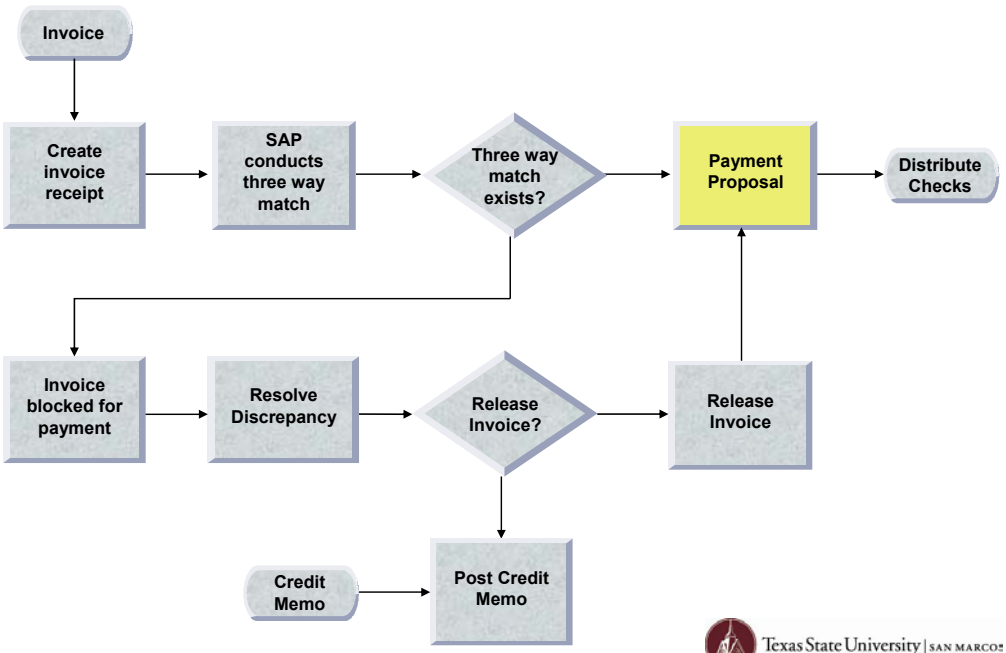
AP Process



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Payment Proposal

- **If a three way match exists:**
  - The invoice will be processed in the next scheduled Payment Program
  - The Payment Program will automatically select the invoice for payment based on the document date of the invoice and payment terms
- **Payment Program:**
  - SAP supports the payment of vendor invoices through an automatic payment system.
  - Payment is based on frequency of payment runs and the payment terms specified in the vendor master record or invoice.
  - The payment proposal yields a list of open AP items that are reviewed for payment.
  - Interest calculation is generated.
  - Payment proposal is re-generated.
  - Checks are then created and distributed.

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Notes:

The following steps are performed during the Payment Program:

- Enter payment parameters
- Run payment proposal
- Edit the payment proposal
- Run interest calculation and re-run proposal
- Run the Payment Program
- Create/Print data medium
  - Print checks
  - Create Automatic Clearinghouse (ACH) (direct deposit file)
  - Create USAS file

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Payment Proposal (continued)

- **List of open items proposed for payment**
- **Exceptions are listed in the proposal log**
  - Exceptions are items that are not included in the proposal because the item or account is blocked or missing a piece of information
- **Editing the proposal consists of ensuring that the proper items have been selected for payment**
- **Incorrectly posted invoices should be reversed or blocked for payment until the posting can be researched through the modules in which they were posted**

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On Demand Payment Processing

- **Request for On Demand Check is received**
- **Sent to AP Supervisor for approval**
- **Upon approval it is determined if the invoice is entered into SAP**
  - If entered into SAP a Payment Proposal is run which is created in SAP and is checked for accuracy (if invoice does not exist in system then enter).
    - If correct – Payment Run is initiated
    - If incorrect – correct, adjust, run payment proposal again
      - Audit and if correct initiate Payment Run
      - Checks and Check Register created in SAP

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On Demand Payment Processing (continued)

- **Balance checks and reports**
  - Check Control Log is maintained in General Accounting
- **Match check to invoice**
- **If check is greater than $25,000 it requires 2 manual signatures**
  - Upon receipt of the 2 signatures – issue checks and file invoices
- **If check is less than $25,000 – issue checks and file invoices**

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Payment Processing – Local Payment

- **Local Payment Proposal List is run and audited**
- **If incorrect – correct, adjust, and if vendor on hold, block payment**
- **If correct, run program ZFIIC to calculate any interest due to Vendors. After interest posting is complete, delete original payment proposal and rerun payment proposal**

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Payment Processing – Local Payment, continued

- **Initiate Payment Run which generates checks, payment advices and payment summary report**
  - Balance checks and reports
    - General Accounting Office maintains Check Control Log
  - Match checks with invoices
  - Greater than $25,000 requires 2 manual signatures
  - If not greater than $25,000 – mail checks and file invoices

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Payment Process

- Create payment parameters
- Generate payment proposal
- Edit payment proposal
- Generate Interest Postings
- Generate Payment Proposal
- Schedule payment run
- Print checks or send ACH file

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Notes:

Performing the Payment run makes a journal entry to clear the Vendor's invoice

- Debit Vendor payable
- Credit Cash

Inputs

- Company code
- Vendors
- Next payment date
- Payment method
- Payment Method Supplement
- House Bank

Outputs

- List of items due for payment – Payment Summary Report
- Payment Advice
- Checks
- File to USAS
- File to Bank

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Payment Parameters

- **Specification of parameters of payment run allows SAP to select open items to be paid**
- **Payment run parameters consist of:**
  - Company code
  - Payment methods
  - Payment terms
  - Vendor account number range
  - Bank to issue payments
  - Date of next payment run
    - System selects items due before date of next payment run to be paid on current payment run

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Notes:

Payment methods are specified in the vendor master record. However, during invoice entry, the payment method for the transaction may be different than the vendor master record. The payment method specified on the invoice takes precedence over the one specified in the vendor master record. The payment terms are handled in the same way.

The default payment method is C for check.

Payment Method Supplement-method to group open items for payment processing. For example, payment method supplement LI will group all payments for the library together at the time of printing.

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Payment Run

- **Payment run is planned after processing of the payment proposal**
- **Payment run can be carried out immediately or scheduled for batch processing**
- **Payment posted by payment method**
  - Each payment method posted to specified account assignment
- **SAP posts payments to the general ledger bank account specified for each payment method**
- **SAP simultaneously posts the payment to the vendor account**

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ACH PAYMENT

- Payment Proposal List for Local ACH Payment is run and Payment Proposal Document is created in SAP
- If Proposal is correct - Payment Run is initiated and ACH file, Payment Summary and 2 copies of Advice are created in SAP
- ACH Report is balanced to Check Register
- Invoices are matched with University Remit Advice and ACH file created in SAP is sent to the bank
- Remit Advice is mailed and invoices are filed. Second copy of Remit Advice is attached to invoice
- E-mail sent to employee notifying them of payment

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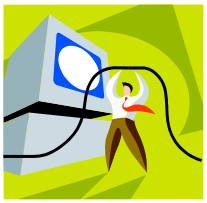
Positive Pay

- **Positive Pay is electronically sent information which includes check amount, check number, and Payee. The bank will electronically send a notice of cleared transactions.**
  - Reduces risk for fraud



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Notes:

A file must be sent to the Bank after every payment run for positive pay implementation.

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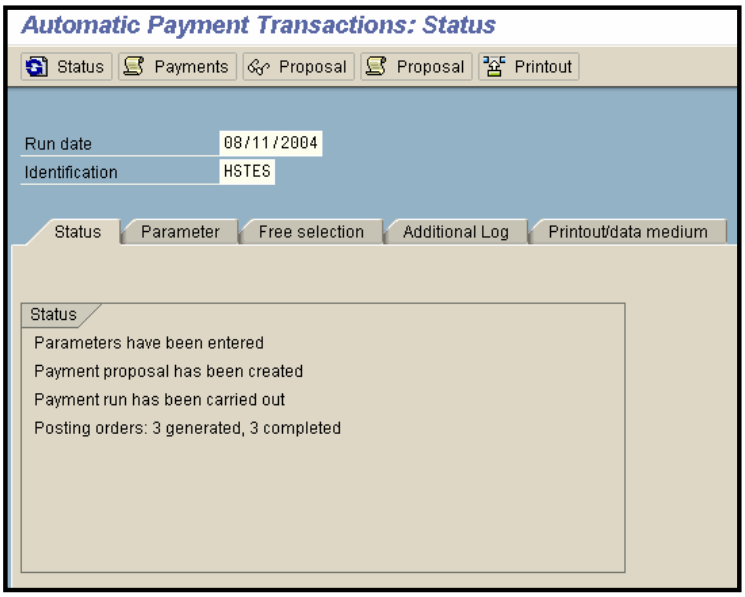
Payment Proposal



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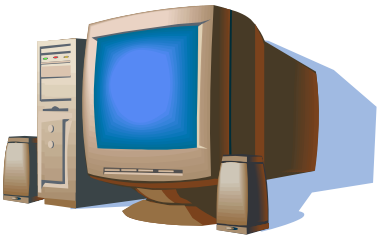
Demonstration/Exercise

- **Schedule Payment (F110)**



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Check Management

- **Check management consists of:**
  - Printing checks
  - Displaying the check register
  - Check Control log (General Accounting-internal control)
- **Checks are printed by lots**
- **Displaying the check register provides a comprehensive overview of all check information stored in the system**

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Notes:

The check register will display all checks in system, Voids, Sample tests, lost, stolen, damaged, etc.

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Check Register

Check Register

Texas State University-SM
San Marcos
Company code 754

Check register

08/11/2004 / 10:41:27
User: HS11
Page: 1

Bank C8K10 WELLS FARGO BANK OHIO, NA MINNEAPOLIS
Bank Key 041203824
Acct number C8K10 9600011510

Check

Check number from to	Payment	Pmnt date	Crcy	Amount paid (FC)	Recipient/void reason code	Encs /void
0000000000001					voided by JM47 - Test printout	04/02/2004
0000000000002	2000000000	04/02/2004	USD	2,000.00	DELL MARKETING L P DALLAS TX	
0000000000003					voided by JM47 - Form closing	04/02/2004
0000000000004					voided by JM47 - Test printout	04/05/2004
0000000000005	2000000005	04/05/2004	USD	980.00	ORACLE CORPORATION CHICAGO IL	
0000000000006					voided by JM47 - Form closing	04/05/2004
0000000000007					voided by TEST20 - Test printout	04/07/2004
0000000000008	2000000006	04/07/2004	USD	265.25	CURRENT ELECTRIC INC SAN MARCOS TX	
0000000000009					voided by TEST20 - Form closing	04/07/2004
0000000000010					voided by TEST20 - Test printout	04/08/2004
0000000000011	2000000011	04/08/2004	USD	300.00	ATOMIC DOG PUBLISHING INC CINCINNATI OH	
0000000000012	2000000008	04/08/2004	USD	98.00	BAKER & TAYLOR BOOKS CHICAGO IL	
0000000000013	2000000009	04/08/2004	USD	54,700.00	BAKER-AICKLEN & ASSOCIATES INCAUSTIN TX	
0000000000014	2000000010	04/08/2004	USD	1,590.00	BASS TRAVEL LTD LAFAYETTE LA	
0000000000015	2000000012	04/08/2004	USD	315.25	CURRENT ELECTRIC INC SAN MARCOS TX	
0000000000016					voided by TEST20 - Form closing	04/08/2004
0000000000017					voided by JM47 - Test printout	04/09/2004
0000000000018	2000000013	04/09/2004	USD	1,800.00	WINSTEAD SECHREST & MINICK P CDALLAS TX	
0000000000019					voided by JM47 - Form closing	04/09/2004
0000000000020					voided by JM47 - Test printout	04/12/2004
0000000000021	2000000024	04/12/2004	USD	300.00	AAA FILTER SERVICE AUSTIN TX	
0000000000022	2000000025	04/12/2004	USD	2,438.00	AAA FILTER SERVICE AUSTIN TX	
0000000000023	2000000017	04/12/2004	USD	1,200.00	ADAM'S MARK DALLAS HOTEL DALLAS TX	
0000000000024	2000000027	04/12/2004	USD	135.00	ADVANCED MEDICAL SUPPLY FORT WORTH TX	
0000000000025	2000000032	04/12/2004	USD	50.00	AMER INSTITUTE FOR RESEARCH WASHINGTON DC	
0000000000026	2000000033	04/12/2004	USD	160.00	AMERICA'S NATIONWIDE NETTING CYPRESS TX	
0000000000027	2000000026	04/12/2004	USD	1,999.00	APPLIED TOOL & SUPPLY CO AUSTIN TX	
0000000000028	2000000030	04/12/2004	USD	27,400.00	APS TECH PORTLAND OR	
0000000000029	2000000016	04/12/2004	USD	295.00	ATOMIC DOG PUBLISHING INC CINCINNATI OH	
0000000000030	2000000022	04/12/2004	USD	250.00	BAKER, DAVID J AUSTIN TX	
0000000000031	2000000015	04/12/2004	USD	61,152.00	BAKER-AICKLEN & ASSOCIATES INCAUSTIN TX	
0000000000032	2000000031	04/12/2004	USD	225.00	BEST BUY #181 SELMA TX	
0000000000033	2000000029	04/12/2004	USD	665.00	BODYSTAT INC TAMPA FL	
0000000000034	2000000034	04/12/2004	USD	260.00	COLLEGEBOARD.COM ATLANTA GA	
0000000000035	2000000018	04/12/2004	USD	665.25	CURRENT ELECTRIC INC SAN MARCOS TX	
0000000000036	2000000019	04/12/2004	USD	1,800.00	DELL MARKETING L P DALLAS TX	
0000000000037	2000000036	04/12/2004	USD	1,900.00	GATEWAY ACCESSORY STORE BEVERLY MA	
0000000000038	2000000035	04/12/2004	USD	5,500.00	HIDALGO COUNTY CRIME STOPPERS MCALLEN TX	
0000000000039	2000000023	04/12/2004	USD	270.00	ISTEC INC ALBUQUERQUE NM	
0000000000040	2000000021	04/12/2004	USD	15.00	KAIKHAH, KHOSROW SAN MARCOS TX	

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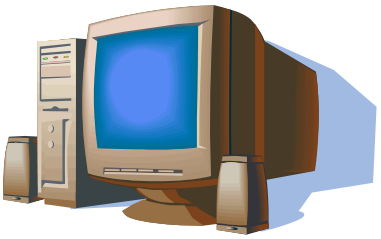
Demonstration/Exercise

- **Display Check Register (FCHN)**



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Learning Objectives Review

- What are the main steps involved in the payment process?
  - Specification of payment parameters, generation of payment proposal, calculation of interest, payment run, printing checks
- What is the purpose of the payment proposal?
  - To list open items due for payment
- What are the main activities in check management?
  - Defining check number ranges, defining check lots, printing checks, voiding checks

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Accounts Payable Reports

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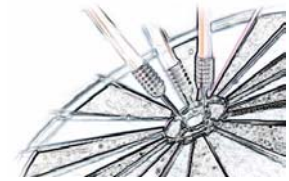
Learning Objectives

You will be able to:

- **Identify the various types of reports available**
- **Identify who is responsible for generating reports**
- **List the formatting options available for reports**



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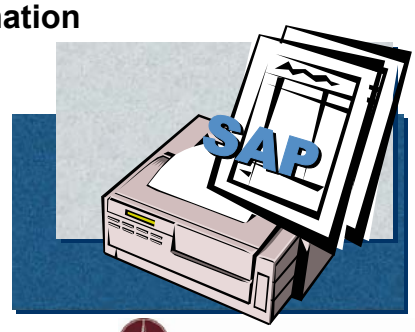
SAP Reports

- **SAP allows reports to be available online with drill-down capability**
- **Drilling down on a report allows you to display the detail behind data summarized on a report**
- **Data is processed real-time in SAP allowing you execute a report showing the latest information**



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Effective Reporting

- **To be able to use effective SAP reports:**
  - Information must be entered into SAP correctly
- **We need to stress the importance of capturing the correct information when performing tasks in SAP**
- **If errors in information occur, the error must be corrected at the source**

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Reporting Overview

- **There are three main steps within SAP Reporting:**
  - Identification
  - Execution
  - Analysis

Identify Execute Analyze

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Accounts Payable Reports

- **Display vendor line items (FBL1)**
- **Display vendor balance (FK10N)**

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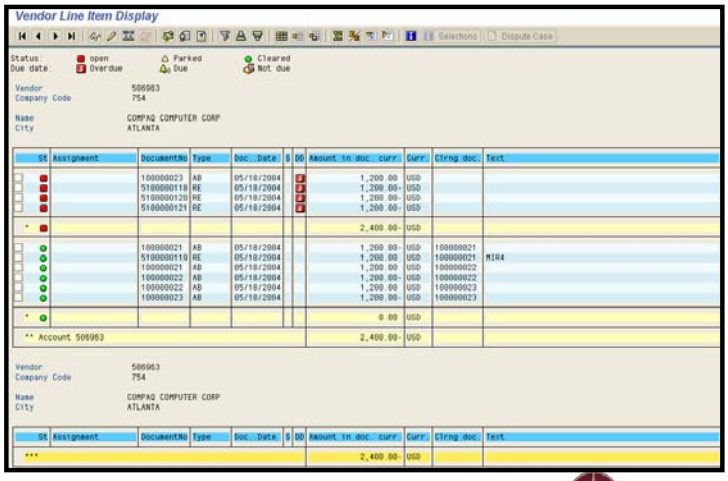
Display Vendor Line Items (FBL1)

- **Displays all line items posted to a specified vendor**



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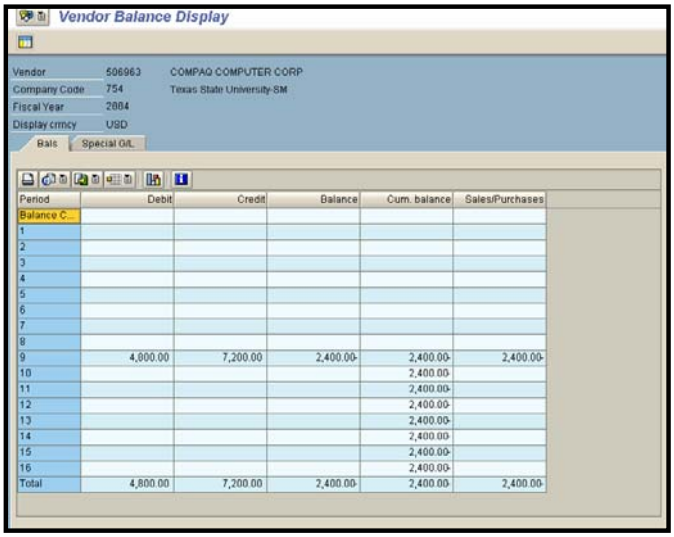
Display Vendor Balance (FK10N)

- **Displays vendor balance by period**
- **Allows you to drill down to the detailed line items for a period**



Period	Debit	Credit	Balance	Cum. balance	Sales/Purchases
Balance C...					
1					
2					
3					
4					
5					
6					
7					
8					
9	4,800.00	7,200.00	2,400.00-	2,400.00-	2,400.00-
10				2,400.00-	
11				2,400.00-	
12				2,400.00-	
13				2,400.00-	
14				2,400.00-	
15				2,400.00-	
16				2,400.00-	
Total	4,800.00	7,200.00	2,400.00-	2,400.00-	2,400.00-

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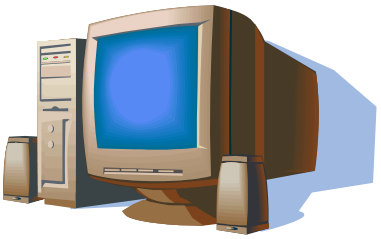
Demonstration/Exercise

- **Display vendor line items (FBL1)**
- **Display vendor balance (FK10N)**



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Learning Objectives Review

- **What are several types of reports available?**
  - **Aging reports, tax reports, vendor account statements, payment proposals**
- **Who is responsible for generating reports?**
  - **Every user is responsible for generating the reports they need**

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Learning Objectives Review (continued)

- **What report formatting options are available?**
  - **Sorting by the selected column, restricting records, downloading to a worksheet file, graphical views, and viewing the detail records**

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Course Summary

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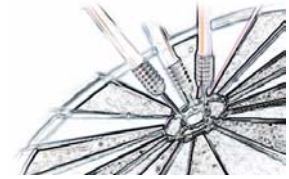
Review of Course Objectives

Congratulations, you should now be able to:

- **Understand the overall Accounts Payable (AP) process being implemented**
- **Understand the basic AP functionality**
- **Define AP SAP key terms**
- **Identify key user roles**
- **Create vendor master records**
- **Process vendor invoices**



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Review of Course Objectives (continued)

Congratulations, you should now be able to:

- **Process credit memos**
- **Perform invoice verification**
- **Manage GR/IR**
- **Release blocked invoices**
- **Understand the payment process**
- **Identify and run reports**

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Need Help?

- **EPSS**
  - On-line help
- **Job Aids**
- **Ongoing support from Super Users**
- **Help Desk**

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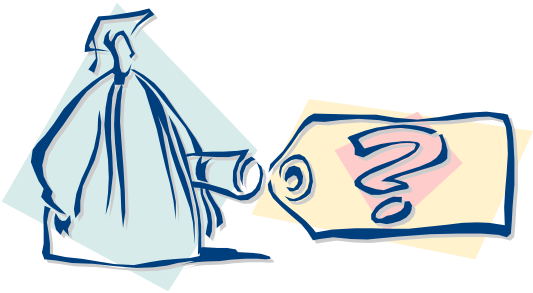
Questions and Answers



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Notes:

- Notes to the instructor:
- Ask participants if they have any questions about the information that was taught in this course.

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Class Evaluation

- **We value your time and attendance**
- **Please fill out class evaluation**
  - Add procedures if done on-line
  - Indicate location of evaluation sheet if done manually

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